Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Memorandum

January 27, 2026

TO: Capital Development Committee

FROM: Brendan Fung, Fiscal Analyst, (303) 866-4781

SUBJECT: Sage Ridge Land Lease Request

Summary

This memorandum summarizes a request by the Department of Personnel and Administration (DPA) to enter into a land lease agreement to redevelop unused/underutilized portions of the Sage Ridge property (formerly Ridge View) for use as a solar energy production site.

Redevelopment Project

In 2022, the General Assembly passed Senate Bill 22-211, which transferred ownership of the Ridge View campus from the Department of Human Services (CDHS) to the DPA for use by the Division of Housing in the Department of Local Affairs (DOLA) as a supportive residential community for people experiencing homelessness. The renamed Sage Ridge property is approximately 400 acres, currently houses and vocationally trains about 200 to 250 individuals, and leases a portion of the property to a ranch with about 30 head of cattle.

DPA seeks to enter into a land lease agreement with a to-be-determined solar developer, such as SunShare, to install up to eight 5-megawatt solar arrays on 100 acres of underutilized property at the site. The project is expected to reduce solar development costs by approximately $1 per watt, or $40 million in total, but does not represent direct or guaranteed energy cost savings to the state or Sage Ridge facility. The project also includes a Colorado State University program that studies the impact of solar energy production on plants, soil, cattle, and other factors. Finally, DPA intends to enter into additional agreements for the cost-sharing of water and transportation expenses. The anticipated lease payment from the solar developer is $4,500 per year for the first four years of land development and $50,000 per year once operational.

A memorandum from DPA more fully explaining the redevelopment proposal may be found in Attachment A. Staff questions and responses may be found in Attachment B.

Statutory Requirements

State law[1] allows DPA to seek proposals from developers to site certain beneficial facilities on unused, state-owned real property. The department is charged with determining the suitability of a given property for use in such redevelopment. If the department plans to enter into a contract regarding unused, state-owned real property, it must submit to the CDC a report outlining the anticipated use of the property. Attachment A serves as this report.

Action Required by the CDC

The CDC reviews reports submitted by the department; makes recommendations to the department concerning the anticipated use of the unused, state-owned real property; and approves or disapproves this use. DPA may not enter into a contract without approval of the CDC.

Suggested CDC Motion

Approve the request from the Department of Personnel and Administration to redevelop unused, state-owned real property at Sage Ridge through a land lease agreement for use as a solar energy production site.

The committee may also make specific recommendations concerning the proposal.

[1] See Section 24-82-102.5, C.R.S.

COLORADO
Department of Personnel & Administration

To: Capital Development Committee

From: Tobin Follenweider, Deputy Executive Director, Department of Personnel & Administration
Caitlin Casassa, Director of Sustainability, Department of Personnel & Administration

Date: 12/19/2025

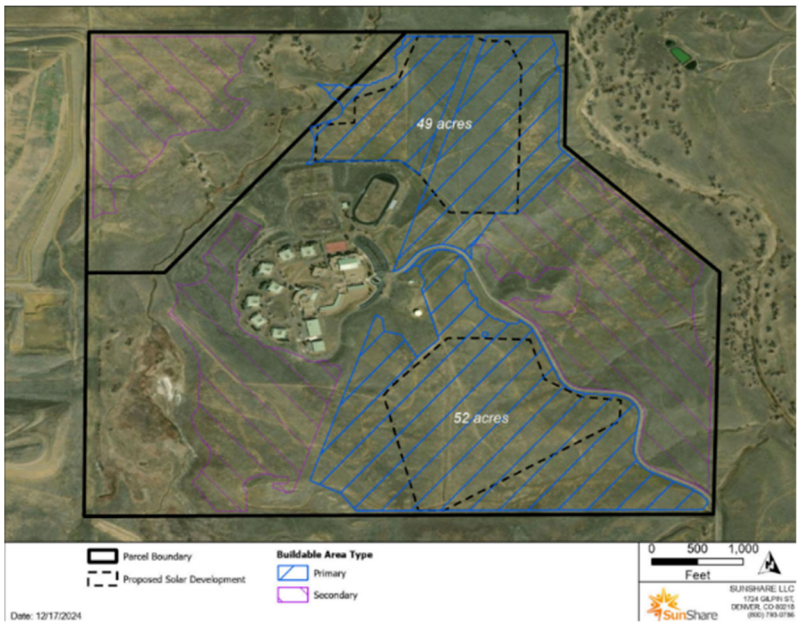
Re: Solar Land Lease at **Sage Ridge Supportive Residential Community (formerly Ridgeview)**

Summary

In accordance with sections 24-82-102 and 24-82-102.5 of the Colorado Revised Statutes (C.R.S.), any state land transaction or non-state use of state land managed by the Department of Personnel and Administration (DPA) requires review and approval by the Capital Development Committee (CDC). This memo seeks your approval for a solar energy project at the Sage Ridge property.

Property Background

The Sage Ridge site (formerly Ridgeview) is approximately 400 acres. The Department of Personnel and Administration owns the property while the Department of Local Affairs operates a re-homing and job training facility on the site for about 200 to 250 people.



Agrivoltaics Solar Project Overview

The project is intended to be a multi-industry partnership to not only provide the Sage Ridge site with renewable electricity, but also to offer critical research opportunities. The 400 acres of land will hold up to eight 5 MW solar arrays (approximately 100 acres) while still supporting about 30 head of cattle. Colorado State University will have access to the site to quantify impacts on plant growth and diversity, energy production, soil health, herd health and behavior, energy production and risk management costs. The solar developer will test two module implementations, including new tensile cabled panels that have the potential to bring costs down to $1/W. The existing ranch lessee will gain access to quality grazing land and support their land reclamation work. Additional agreements will be reached to cost-share water and transportation costs.

Proposed Action

DPA requests that the CDC approve the solar energy land use for 100 acres of underutilized state property. In addition to providing energy for the DOLA facility, the State will receive a lease payment of $45 per acre per year during the development phase and $500 per acre per year during the operations phase. This opportunity will also grant Colorado State University access to research the impact of solar on cattle and plants to demonstrate the viability and benefits of agrivoltaics in Colorado. This is a unique opportunity to showcase the State as a leader in multi-industry partnerships for renewable energy generation.

COLORADO
Department of Personnel & Administration

To: Capital Development Committee

From: Tobin Follenweider, Deputy Executive Director, Department of Personnel & Administration; Caitlin Casassa, Director of Sustainability, Department of Personnel & Administration; Seth Ford, Legislative Liaison, Department of Personnel & Administration

Date: January 27, 2026

Re: **Answers to Questions Regarding Solar Land Lease at** Sage Ridge

1. Based on the memo, the solar arrays are expected to reduce costs by $1/watt, of which there will be approximately 40,000,000 (8 arrays x 5 megawatts each). How is that $40,000,000 in projected savings distributed across Sage Ridge's current usage, the solar developer, and other downstream users? Will energy saving allocations be included in the P3 contract?

In his communication to staff, the legislative liaison incorrectly identified this as a P3 project. This is not a P3 contract but rather a land lease agreement, similar to the State Land Board's land leases with solar developers. This is a multistep process to build a community solar garden and the potential for projected savings is outlined below in the project steps below.

- **Interconnection Queue:** Once the land lease is fully executed, SunShare can enter Xcel's interconnection queue.
- **Scoping:** The first step of the process will be a scoping meeting with Xcel where the team can discuss the feasibility of carving out some of the project to directly power the Sage Ridge facility. It is likely 3 separate interconnection agreements will be needed: one for the Sage Ridge facility, and then one each for the two solar gardens. SunShare will request a cluster study where the entire project can be studied.
    - Scoping can take 1-3 months.
    - The Sage Ridge facility would be able to be the "anchor subscriber" and would receive discounted energy through the solar bill credit rate. Anchor subscribers can subscribe up to 40% of the total project capacity. **The $1/W is in reference to the development portion of the solar arrays and not the bill credits/projected savings.** Bill credits are determined by the tariff rates set by the Public Utilities Commission and adjusted annually.
      The discounts have been codified through legislation in SB 24-207. A subscriber organization shall provide an income-qualified subscriber of a new facility with a subscription discount of at least:
        - 25% of the value of the community solar bill credit;
        - 50% of the value of the community solar bill credit if the new facility receives federal tax credits from the federal "Inflation Reduction Act of 2022" specifically for providing income-qualified households with utility

bill assistance.
    - (Note that 50% of this project is intended to support income-qualified subscribers).
- **Feasibility Study:** The feasibility study will look at project costs and timeline and shed light on whether the project needs to be downsized or modified.
- **System Impact Study, Transmission Study and Facilities Design Study**: Technical review to determine grid impact/upgrades, maximizing energy generation, and minimizing land disruption.
    - Studies can take 4-10 months.
- The project must secure capacity under Xcel's distributed generation first come first serve style program but getting an interconnection agreement in hand is critical.
- Necessary utility upgrades will occur taking about 12-24 months so during this process the developer will be working on securing permits and completing surveys.
- Ideally this project will start building late 2028. The project must be online by December 31, 2030 to meet safe harbor deadlines for the Inflation Reduction Act ITC sunset.

2. Who would DPA/DOLA presumably share costs with for water and transportation expenses? Has the department estimated what these overall costs will be, and how are these additional costs funded?

This question references the cattle portion of the agrivoltaics project. The Office of Sustainability, the developer, and the cattle rancher agree that it is first and foremost critical to getting this project approved by the CDC and entered into Xcel's interconnection timeline. Based on the studies outlined in question 1, the project team will determine the number of cattle that can graze on the site and determine costs/transportation expenses. The project team will also work with DOLA to determine the water rights of the area and water use of the facility to determine if water can be obtained from a well, the facility, or will have to be transported. Once these variables are determined, the team will create an agreement for water and transportation (closer to Fall 2028). Originally the team applied to the Department of Energy's American-Made Large Animal and Solar System Operations Prize with the intention of using some of this money for future cost share. As federal funding is in flux, the team is currently applying to other grants/foundation funding opportunities.

3. What other costs, including land grading and erosion control, might the state or local governments bear as opposed to private partners?

None. The agreements are being written so that the State is the land owner and the developer has to fund the studies and infrastructure build out. The land lease states the "lessee, at its sole cost and expense, shall maintain the Leased Premises and Solar Energy Facilities in good, safe, operational condition in all respects expect for normal wear and tear…" The lease agreement also states the lessee shall obtain a soil and subsoil test report prepared by a registered engineer and any excavation must be backfilled and all disturbed

ground will be restored to its original contour or in accordance with a landscape plan approved by lessor.

4. Will any permanent improvements remain state-owned at the conclusion of the contract?

No. Upon the termination of the lease, lessee will decommission and remove any solar energy system owned or installed and restore such portions of the premise to a condition reasonably similar to its condition as of the effective lease date. This includes commercially reasonable efforts to de-compact any substantially compacted soil, and if applicable, reseed disturbed soil.